

April 11, 2013

ATTN: International Tax Reform Working Group

Dear Representatives Nunes and Blumenaur,

I am writing to ask that the International Taxation Committee of the Ways & Means Committee for Tax Reform seriously consider the proposal of the American Citizens Abroad (ACA) for reform to residency-based taxation (RBT). (<http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>)

The current policy of citizenship-based taxation is unique among developed countries: all others levy taxes based on residence alone. As I understand it, this taxation by citizenship is intended to prevent very wealthy Americans from avoiding taxes in the USA by moving abroad. But do you remember when tuna fishing nets inadvertently caught and killed porpoises as well? There are several unintended, unfair consequences of this tax policy for ordinary, non-wealthy US citizens abroad. Here are a few examples:

- The USA taxes its citizens abroad based on their income converted into US dollars. You might earn the same salary in year one as in year two, but be forced to declare an increase in income of several thousand US dollars because the dollar was devalued in that period
- If you are hired as an expatriate by a large company, you cost the company more in expenses and tax attorney fees, which makes you less attractive for hiring. This competitive disadvantage of its citizens is damaging to the US economy, particularly in this climate of globalization.
- US citizens abroad run the risk of unintentionally becoming criminals because of the complex tax laws and agreements. The US tax code is complicated for US residents; it is worse as a citizen abroad. Additionally, IRS personnel rarely are able to answer questions you might have, so even if you try your best you run a very real risk of unintentionally running afoul of the IRS.
- US citizens abroad are being denied basic local banking services. Many local banks altogether refuse dealings with anyone liable to taxation by the IRS rather than running the risk of being sued.
- Because "any United States person who has a financial interest in or signature authority or other authority over any financial account in a foreign country, if the aggregate value of these accounts exceeds \$10,000 at any time during the calendar year," must file an FBAR, an American overseas may be denied employment or promotion since US tax law could require disclosure of the company account to the IRS.

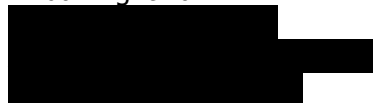
Even though I, myself, reside in the United States, I am affected by this unjust form of taxation. My American daughter and her family are currently living overseas and thus are hurt by the problems above. Furthermore, I have been unable to open a simple bank account in her town in which to keep a small amount of funds to use while visiting them. The banks will not open accounts for Americans because IRS rules require them to break their own rules to do so.

A move towards a residence-based system would it be simpler and fairer for Americans living abroad, and would strengthen America's global competitiveness.

Please consider the RBT proposal submitted by American Citizens Abroad (ACA). (<http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>)

Sincerely,

Linda Wightman

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